

Annexure - 9.39.

Special Reverse Mortgage Scheme for the mentally ill persons covered under the Mental Health Act of 1987

Objective

To meet the financial needs of Mentally Challenged person (covered under Mental Health Act of 1987) owning self occupied residential property.

Purpose

Medical, emergency expenditure and meeting any other genuine need as may be specified by borrower and directed by the appropriate court.

Eligibility

1. Mentally challenged persons owning residential house/flat who are residents of Kerala state.
2. Age of the borrower should be above 30 Years
3. He/she should be declared as a mentally ill persons who are incapable of managing their own affairs; by the appropriate court of law under the provisions of The Mental Health Act, 1987
4. He/She shall be represented by the guardian appointed by the said court for this purpose and Loan is to be operated by a court appointed guardian
5. The property offered as security should be free from any encumbrance and should be in the name of the borrower. If it is a jointly owned with a close relative (father/mother/ brother/sister/ husband/ wife/ son/daughter), that relative shall be a party to the loan as mortgagor and guarantor, but he/she shall not be a party to the benefits of the loan.
6. The residual life of the property should be at least 20 years.

Eligible Amount

The amount of loan will depend upon the age of the borrower & the value of the property taken as security.

Age Of the Borrower (years)	Loan Amount to Value of the property (%)
31-50	40 %
Above 50	50 %

Minimum loan amount shall be Rs.5 Lacs.

Nature of Payment (Disbursement)

1. The loan will be extended as regular monthly/quarterly cash advances. Monthly installment shall not exceed 0.06% of the value of the property
2. One time lump sum payment is permitted up to 50% of the loan amount to meet any such special requirements subject to the approval of the court of law which has appointed the guardian.

3. Option once exercised for monthly/quarterly payment can be changed only by the consent of the court.
4. The maximum period of loan shall be 25 years.
5. In case of periodic disbursement, the payment shall be made during loan period of 25 years or till the death of the borrower whichever is earlier.
6. Loan installment to be fixed keeping in view of applicable ROI and valuation of property.
7. Upward revision in loan amount to a maximum of 25% per instance shall be permitted once in every 10 years subject to the margin stipulated for the security.

Rate Of Interest: Base Rate

Security

Loan shall be secured by way of mortgage of immovable residential property (Registered Mortgage or Equitable Mortgage)

Repayment of the loan

Loan shall become due only after the death of the borrower or in case the borrower wants to sell out the mortgaged property.

Valuation of mortgage property

Valuation of the property should be done once every three years.

Repayment of loan

1. The loan shall become due and payable only when the borrower dies or would like to sell the home ,
2. The entire outstanding liability including accumulated interest to be met by the proceeds received out of sale of the mortgaged property and surplus to be paid to the heirs.
3. The borrower(s) or his/her /their legal heirs shall be provided with the first right to settle the loan along with accumulated interest without sale of property.
4. The legal heirs will have the option to repay in monthly /quarterly equated installments not exceeding 3 years from the due date
5. The borrower will have option to prepay the loan at any time during the loan tenor.
6. If the legal heirs of the deceased do not turn up within 6 months from the date of notice, for closure of the loan or opt for repayment of the loan in installments as described in item 4 above , then, bank will have the absolute discretion to sell the property and realize its dues

Other Conditions

1. Processing & Service Charges as per the norms of the banks
2. The security has to be insured